5/2/2008

5/2/2008

5/2/2008

This table compares the computation of the traditional individual income tax system, the single rate individual income tax system that will replace the traditional individual income tax system beginning with taxable year 2008, the income tax on estates and trusts, and the income tax on estates and trusts as amended during the 2008 General Session.

5/2/2008

5/2/2008

5/2/2008

Individual Income Taxes and Income Tax on Estates/Trusts Comparison

Fraditional Individual Income Tax	Single Rate Individual Income Tax (current through 2008 General Session)	Income Tax on Estates/Trusts	Income Tax on Estates/Trusts (current through 20 General Session)
STARTING POINT:			
Federal taxable income (Form uses federal		Federal taxable income - Federal taxable income as	Unadjusted income - Total income (Line 9) - fiducia
adjusted gross income and subtracts standard/itemized	gross income is as defined in Section 62, Internal Revenue	calculated in Section 641(a) and (b), Internal Revenue Code.	fees (Line 12) - income distribution deduction (Line 18) -
deduction and 75% of personal exemption deduction.)1	Code,	(Form requests data on estate/trust and beneficiaries.)	estate tax deduction (Line 19) - personal exemption (Line 2
A. ADDITIONS TO INCOME:			
25% of personal exemption			
state income tax deducted as itemized deduction		+ state income tax deducted as itemized deduction	The second secon
· lump sum distributions	+ lump sum distributions	+ lump sum distributions	+ lump sum distributions
Utah Medical Savings Account amounts	+ Utah Medical Savings Account amounts		
Utah Educational Savings Plan amounts	+ Utah Educational Savings Plan amounts	+ Utah Educational Savings Plan amounts	+ Utah Educational Savings Plan amounts
reimbursed adoption expenses	+ reimbursed adoption expenses		The second secon
child's income excluded from parent's return	+ child's income excluded from parent's return		
municipal bond interest	+ municipal bond interest	+ municipal bond interest	+ municipal bond interest
untaxed income of a resident trust	+ untaxed income of a resident trust		
untaxed income of a nonresident trust	+ untaxed income of a nonresident trust		
equitable adjustments	+ equitable adjustments	+ equitable adjustments	+ equitable adjustments
		+ electing small business trust S corp. income	+ electing small business trust S corp, income
	A THE CONTRACTOR OF T	+ fiduciary adjustments	+ fiduciary adjustments
otal additions to income	Total additions to income	Total additions to income	Total additions to income
		come = Total adjusted income	Sample of the second se
B. DEDUCTIONS FROM INCOME:			
50% federal tax		- 50% federal tax (if nonresident 50% of portion	
wate toward this		allocable to Utah)	
state tax refund included in federal income	- state tax refund included in federal income	- state tax refund included in federal income	- state tax refund included in federal income
retirement exemption/deduction	and have been another than the first two the control of the contro	gang papan and a sample of the	المقادة المهادية المقادة المقا
interest from U.S. government obligations	- interest from U.S. government obligations	- interest from U.S. government obligations	- interest from U.S. government obligations
Utah Medical Savings Account amounts	THE STATE OF THE S	and the second s	AP-SAME AND APPLICATION OF THE SAME AND APPLICATION OF THE
Utah Educational Savings Plan amounts		- Utah Educational Savings Plan amounts	and the property and the field the state of the state of the property of the state
health care insurance premiums	- and the second of the second	A CONTROL OF THE PARTY OF THE P	The state of the second of the second
long-term care insurance premiums		тория намери манимария на выборять оборь в доборя в неводили в не	damental da 25 kiloji nojno 1900 (1900 (1900) nojnoj da 1909 (1900) nojnoj da 1900 (1900
adoption expenses	- Indian go the hold of the properties of the control of the contr	### Open coloring to the Color	Typing (All Dispyth) (All Disp
Native American income	- Native American income	- Native American income	- Native American income
railroad retirement income	- railroad retirement income	- railroad retirement income	- railroad retirement income
gains on capital transactions	The section of the se	- gains on capital transactions	- A branch was and a distributed the state of the state o
military pay2	Kondin and Biological Association (1997), American (1997), 1995, 1	- military pay2	and I think the Endedyletic Enterpress (177 VANOSHA) (1790) Astrophysical advances on requirement approach to a construction and a construction of the construction of
equitable adjustments	- equitable adjustments	- equitable adjustments	- equitable adjustments
		- fiduciary adjustments	- fiduciary adjustments
		- nontaxable income of a irrevocable resident trust	- nontaxable income of a irrevocable resident trust
		THE PERSON OF TH	- qualified nongrantor charitable lead trust §642 ded.
otal deductions from income	Total deductions from income	Total deductions from income	Total deductions from income
The second secon		ns from income = Utah taxable income	The same and the same state of the same as the same as the same of

Utah taxable income * Rate = Income tax

- An individual may be exempt from individual income tax because of an exemption for the poor, no similar provision for estates/trusts
 Estates/trusts taxed at rate for individuals (5%)
 Special rules for qualified funeral trusts

C. SUBTRACT NONREFUNDABLE CREDITS:3					
- income tax paid to another state	- income tax paid to another state	- fiduciary income tax paid to another state4	- fiduciary income tax paid to another state4		
- at-home parents	- at-home parents	- houdary income tax paid to another state4	- Inductory income tax paid to another states		
- qualified sheltered workshop cash contributions	- qualified sheltered workshop cash contributions	- qualified sheltered workshop cash contributions	- qualified sheltered workshop cash contributions		
- renewable energy systems			- renewable energy systems		
- clean fuel vehicles	- renewable energy systems	- renewable energy systems - clean fuel vehicles	- clean fuel vehicles		
	- clean fuel vehicles				
- historic preservation of certain structures	- historic preservation of certain structures	- historic preservation of certain structures	- historic preservation of certain structures		
- enterprise zones	- enterprise zones	- enterprise zones	- enterprise zones		
- low-income housing	- low-income housing	- low-income housing	- low-income housing		
- employers who hire persons with disabilities 5	- employers who hire persons with disabilities5	- employers who hire persons with disabilities5	- employers who hire persons with disabilities5		
- recycling market development zones	- recycling market development zones	- recycling market development zones	- recycling market development zones		
- tutoring for disabled dependents	- tutoring for disabled dependents				
Increasing research activities	- research activities	- research activities	- research activities		
- machinery and equipment used to conduct research	- machinery and equipment used to conduct research	- machinery and equipment used to conduct research	- machinery and equipment used to conduct research		
- live organ donation expenses	- live organ donation expenses				
	- Utah Educational Savings Plan	A STATE OF THE STA	- Utah Educational Savings Plan		
	- taxpayer tax credit <u>6</u>		- estate or trust tax credit6		
	- retirement tax credit6				
	- Medical Savings Account <u>6</u>				
	- capital gain transactions <u>6</u>		- capital gain transactions6		
	- health benefit plan7	20 4 10 10 10 10 10 10 10 10 10 10 10 10 10			
	- qualifying solar projects <u>7</u>		- qualifying solar projects <u>7</u>		
Total nonrefundable credits	Total nonrefundable credits	Total nonrefundable credits	Total nonrefundable credits		
	Income tax - Total nonrefu	ndable credits = Subtotal tax			
D. ADDITIONS TO TAX AND USE TAX:					
+ contributions8	+ contributions				
+ Utah Nongame Wildlife Fund	+ Utah Nongame Wildlife Fund	And the state of t	Section (1995) And the contract of the contrac		
+ Pamela Atkinson Homeless Trust Fund	+ Pamela Atkinson Homeless Trust Fund	American de la companya del companya del companya de la companya del la companya de la companya del la companya de la companya	\$\\ \text{2}\(\text{3}\)\text{3}\(\text{3}\)\t		
+ Kurt Oscarson Children's Organ Transplant Fund	+ Kurt Oscarson Children's Organ Transplant Fund	a kan kan manada kan manada na manada manada manada manada manada na manada kan manada (kan manada (ka	Application of the section of the se		
+ School district/nonprofit school dist. foundation	+ School district/nonprofit school dist. foundation	Addition or interest in the contract of the co			
+ Utah College of Applied Technology9	+ Utah College of Applied Technology9	and the same of philosophic and the same and	er Australiansen en er et en		
+ Uniform School Fund10	to the second se	бар дамой во Анфонцирам, и над ужирали, билароду, до форма и уберникованного уразурания простоя от пристем от пригам от пристем от п	Color de Maria de Mar		
+ Wolf Depredation and Mgt. Restricted Acct.9	+ Wolf Depredation and Mgt. Restricted Acct.9	A plantage space aliquism, they is plantaged to the control of the	Trianger (Malaineum raphig (Malaineum) (Ma		
+ Cat and dog spay and neuter program	+ Cat and dog spay and neuter program	A control of the second of the	- Angeling and Anti-Anti-Anti-Anti-Anti-Anti-Anti-Anti-		
+ previous refunds (for amended returns only)	+ previous refunds (for amended returns only)	+ previous refunds (for amended returns only)	+ previous refunds (for amended returns only)		
+ recapture of low-income housing credit	+ recapture of low-income housing credit	The same of the sa			
+ Utah use tax	+ Utah use tax	+ Utah use tax	+ Utah use tax		
Total additions to tax and use tax	\$	Total additions to tax and use tax	Total additions to tax and use tax		
Subtotal tax + Total additions to tax and use tax = Subtotal tax, additions to tax, and use tax					

SEPARATE CALCULATION OF WITHHOLDING & REFUNDABLE CREDITS: + Utah tax withheld + Utah tax withheld + Utah tax withheld Utah tax withheld + credit for Utah income taxes prepaid + previous payments (for amended returns only) + refundable credits refundable credits refundable credits refundable credits + targeted business + targeted business + targeted business + targeted business + special needs adoption + special needs adoption + nonresident shareholder's withholding + nonresident shareholder's withholding + nonresident shareholder's withholding + nonresident shareholder's withholding + mineral production withholding + mineral production withholding + mineral production withholding + mineral production withholding + agricultural off-highway gas/undyed diesel + farm operation hand tools + renewable energy systems + renewable energy systems + renewable energy systems11 + renewable energy systems11 + economic development tax credit6 + economic development tax credit6

Total withholding and refundable credits

Total withholding and refundable credits

CALCULATION OF TOTAL AMOUNT OWED OR REFUNDED:

For all tax types, if Subtotal tax, additions to tax, and use tax > Total withholding and refundable credits:

Subtotal tax, additions to tax, and use tax
Total withholding and refundable credits
Amount owed

Total withholding and refundable credits

For all tax tpes, if Subtotal tax, additions to tax, and use tax < Total withholding and refundable credits:

_ Total withholding and refundable credits <u>Subtotal tax, additions to tax, and use tax</u> Amount refunded Total withholding and refundable credits

- 1 The deduction allowed for disabled dependents is treated as an additional personal exemption on the traditional individual income tax return. Because this deduction is not allowed under the single rate individual income tax, the deduction is repealed in 2008 General Session H.B. 359, Tax Changes.
- 2 The deduction for certain military pay allowed under the traditional individual income tax and for estates and trusts expired at the end of taxable year 2005. 2008 General Session H.B. 359, Tax Changes, repeals this obsolete language.
- 3 The Utah Educational Savings Plan tax credit, the taxpayer tax credit, the retirement tax credit, the Medical Savings Account tax credit, the estate and trust tax credit, the capital gain transactions tax credit, the health benefit plan tax credit, and the qualifying solar projects tax credit are subject to apportionment for part-year residents or nonresidents.
- 4 This tax credit only applies to resident estates or trusts.
- 5 Because the total amount of tax credit claimed or carried forward was less than \$10,000 per year for three consecutive taxable years, Utah Code Ann. § 59-10-1002.1 (2008) provides that the State Tax Commission shall remove this tax credit from individual income tax returns and fiduciary income tax returns. The tax credit may no longer be claimed for taxable years beginning on or after January 1, 2007.
- 6 This tax credit takes effect beginning with taxable year 2008.
- 7 This tax credit takes effect beginning with taxable year 2009.
- 8 The bill recodifies the contributions as Title 59, Chapter 10, Part 13, Individual Income Tax Contribution Act.
- 9 Because this contribution generated less than \$30,000 per year for three consecutive taxable years, Utah Code Ann. § 59-10-1304 (2008) provides that the State Tax Commission shall remove the designation for the contribution from individual income tax returns beginning two taxable years after the three-year period for which the contribution generates less than \$30,000 per year. A taxpayer may no longer make a contribution to the Utah College of Applied Technology for taxable years beginning on or after January 1, 2007. A taxpayer may no longer make a contribution to the Wolf Depredation and Management Restricted Account for taxable years beginning on or after January 1, 2008.
- 10 The authority to make this contribution expired at the end of taxable year 2006. 2008 General Session H.B. 359, Tax Changes, repeals the contribution.
- 11 This tax credit was enacted in the 2007 General Session. Unlike the other tax credits, this tax credit did not specify whether an estate or trust is eligible to claim the tax credit. However, the statute provided that the tax credit may be claimed by a "business entity," which is defined as any entity under which business is conducted or transacted. Under this definition, an estate or trust could arguably claim the tax credit. The Trust and Estate Working Group recommends that the tax credit should be amended to clarify that an estate or trust is eligible to claim it. 2008 General Session H.B. 359, Tax Changes, makes this clarification.